

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF TEXAS

February 18, 2011

Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-45-10

Sent electronically via rules-comments@sec.gov

The Financial Reporting and Regulatory Response Committee of the Government Finance Officers Association of Texas (GFOAT) would like to respond to the Securities and Exchange Commission's Proposed Rules 15Ba1-1 through 15Ba1-7. The GFOAT is an affiliate of the national Government Finance Officers Association and the Texas Municipal League. The GFOAT's membership represents all levels of state and local government in Texas.

The Committee is specifically concerned with the section of rulemaking dealing with the definition of "Employees of a Municipal Entity." We agree with the SEC's position that any person serving as an elected official should be considered as an "employee of the municipal entity" and excluded from the definition of a "municipal advisor." Our concern is specifically with the SEC's position that appointed members of a governing or advisory body should be excluded from the definition of an "employee of the municipal entity," and thereby included under the definition of a "municipal advisor," subject to registration with the SEC.

Consider two examples common to Texas governments. First – the example of the Tax Increment Financing Board (TIF). Local governments enter into TIF arrangements, setting aside a portion of property taxes to fund infrastructure and incentives to spur redevelopment and investment within the community. TIF Board members are appointed by participating governments, and generally are civic-minded volunteers who are representative of the community. It is not uncommon for a government to issue debt on behalf of a TIF, and the TIF Board will be heavily involved in these discussions, including making recommendations as to amount of debt to be issued and structure of the debt. Ultimately, the sponsoring government is responsible for issuing and backing TIF debt, but we believe that the SEC's position on "municipal advisors" would force TIF Board members to register with the SEC in order to serve their community in an advisory capacity. Under the proposed rules, seeking this community input will cause governments to undergo additional burdens and costs that would provide

little added benefit and discourage volunteers from participating in the governance process.

Second – the example of the Hospital Authority. It is not uncommon for local governments or groups of local governments to form a Hospital Authority to promote healthcare facilities in the community. The Authority's Board members are typically appointed by participating governments, and it is not uncommon for these board members to include a mix of both local government elected officials and community volunteers. Under the SEC's proposed rules, if the Hospital Authority were to issue debt for healthcare facilities, some of the Board members would be required to register under the SEC as a "municipal advisor" due to their standing as an appointed member of the Board, while other Board members would be exempted since they also serve as elected officials within their community. The Committee notes that each Board member, elected or appointed, has the same responsibility, yet each is subject to different rules for the same community service.

Through the Committee's due diligence process, the GFOAT membership has expressed strong reservations about the proposed rules and its impact on service for advisory boards. In addition to the examples we have mentioned in greater detail, there is a concern that employees of municipalities could lose their exemption from the definition of a municipal advisor while serving on pension boards or local government corporations that are used to finance convention centers and similar projects.

The Committee respectfully requests that the SEC reconsider its position on "municipal advisors," and expands the definition of "employees of a municipal entity" to include members of advisory boards which have been appointed by elected officials of the governing body as well as clarify that employees of municipalities continue to be excluded from the definition of "municipal advisor" even when serving in an advisory capacity to government organizations other than their primary employer, such as pension boards or local government corporations.

Thank you for giving our Committee the opportunity to respond to this Proposed Rule.



Keith Dagen
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Government Finance Officers Association of Texas